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HOUSE BILL 2031

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Cairnes, Crouse, Poulsen, Morris, Reardon, Delvin and Barlean

Read first time 02/13/2001. Referred to Committee on Technology, Telecommunications & Energy.

1 AN ACT Relating to limiting the taxation of pay phone services;  
2 amending RCW 35.21.710, 35.21.712, 35A.82.050, and 35A.82.055; and  
3 providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 35.21.710 and 1983 2nd ex.s. c 3 s 33 are each amended  
6 to read as follows:

7 Any city which imposes a license fee or tax upon business  
8 activities consisting of the making of retail sales of tangible  
9 personal property which are measured by gross receipts or gross  
10 income from such sales, shall impose such tax at a single uniform  
11 rate upon all such business activities. The taxing authority  
12 granted to cities for taxes upon business activities measured by  
13 gross receipts or gross income from sales shall not exceed a rate  
14 of .0020; except that any city with an adopted ordinance at a  
15 higher rate, as of January 1, 1982 shall be limited to a maximum  
16 increase of ten percent of the January 1982 rate, not to exceed an  
17 annual incremental increase of two percent of current rate:  
18 PROVIDED, That any adopted ordinance which classifies according to

1 different types of business or services shall be subject to both  
2 the ten percent and the two percent annual incremental increase  
3 limitation on each tax rate: PROVIDED FURTHER, That all surtaxes on  
4 business and occupation classifications in effect as of January 1,  
5 1982, shall expire no later than December 31, 1982, or by  
6 expiration date established by local ordinance. Cities which impose  
7 a license fee or tax upon business activities consisting of the  
8 making of retail sales of tangible personal property which are  
9 measured by gross receipts or gross income from such sales shall  
10 be required to submit an annual report to the state auditor  
11 identifying the rate established and the revenues received from  
12 each fee or tax. This section shall not apply to any business  
13 activities subject to the tax imposed by chapter 82.16 RCW. For  
14 purposes of this section, the providing to consumers of  
15 competitive telephone service, as defined in RCW 82.04.065, or the  
16 providing of pay phone service, shall be ~~((deemed to be the))~~  
17 subject to tax at the same rate as business activities consisting  
18 of the making of retail sales of tangible personal property. As  
19 used in this section, "pay phone service" means making telephone  
20 service available to the public on a fee-per-call basis,  
21 independent of any other commercial transaction, for the purpose  
22 of making telephone calls, whether the telephone is coin-operated  
23 or is activated by calling collect or using a calling card.

24 **Sec. 2.** RCW 35.21.712 and 1983 2nd ex.s. c 3 s 35 are each amended  
25 to read as follows:

26 Any city which imposes a license fee or tax upon the business  
27 activity of engaging in the telephone business, as defined in RCW  
28 82.04.065, which is measured by gross receipts or gross income  
29 from the business shall impose the tax at a uniform rate on all  
30 persons engaged in the telephone business in the city.

31 This section does not apply to the providing of competitive  
32 telephone service as defined in RCW 82.04.065 or to the providing  
33 of pay phone service as defined in RCW 35.21.710.

34 **Sec. 3.** RCW 35A.82.050 and 1983 2nd ex.s. c 3 s 34 are each  
35 amended to read as follows:

36 Any code city which imposes a license fee or tax upon business

1 activities consisting of the making of retail sales of tangible  
2 personal property which are measured by gross receipts or gross  
3 income from such sales, shall impose such tax at a single uniform  
4 rate upon all such business activities. This section shall not  
5 apply to any business activities subject to the tax imposed by  
6 chapter 82.16 RCW. For purposes of this section, the providing to  
7 consumers of competitive telephone service, as defined in RCW  
8 82.04.065, or the providing of pay phone service as defined in RCW  
9 35.21.710, shall be (~~deemed to be the~~) subject to tax at the  
10 same rate as business activities consisting of the making of  
11 retail sales of tangible personal property.

12 **Sec. 4.** RCW 35A.82.055 and 1983 2nd ex.s. c 3 s 36 are each  
13 amended to read as follows:

14 Any code city which imposes a license fee or tax upon the  
15 business activity of engaging in the telephone business, as  
16 defined in RCW 82.04.065, which is measured by gross receipts or  
17 gross income from the business shall impose the tax at a uniform  
18 rate on all persons engaged in the telephone business in the code  
19 city.

20 This section does not apply to the providing of competitive  
21 telephone service as defined in RCW 82.04.065 or to the providing  
22 of pay phone service as defined in RCW 35.21.710.

23 NEW SECTION. **Sec. 5.** This act takes effect August 1, 2001.

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